



Senate

General Assembly

February Session, 2004

File No. 51

Senate Bill No. 112

Senate, March 15, 2004

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING STATUTES APPLICABLE TO HEALTH CARE CENTERS AND THE ISSUANCE OF STOP LOSS POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-188 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2004*):

3 [A] Each health care center governed by sections 38a-175 to 38a-192,
4 inclusive, shall be exempt from the provisions of the general statutes
5 relating to insurance in the conduct of its operations under said
6 sections and in such other activities as do constitute the business of
7 insurance, unless expressly included therein, and except for the
8 following: Sections 38a-11, as amended, 38a-17, 38a-51, 38a-52, 38a-56,
9 38a-57, 38a-129 to 38a-140, inclusive, 38a-147 and 38a-815 to 38a-819,
10 inclusive, as amended, provided a health care center shall not be
11 deemed in violation of sections 38a-815 to 38a-819, inclusive, as
12 amended, solely by virtue of such center selectively contracting with
13 certain providers in one or more specialties, and sections 38a-80, 38a-

14 492b, 38a-518b, 38a-543, 38a-702j, 38a-703 to 38a-718, inclusive, 38a-731
15 to 38a-735, inclusive, 38a-741 to 38a-745, inclusive, 38a-769, 38a-770,
16 38a-772 to 38a-777, inclusive, 38a-786, 38a-790, 38a-792 and 38a-794,
17 provided a health care center organized as a nonprofit, nonstock
18 corporation shall be exempt from sections 38a-146, 38a-702j, 38a-703 to
19 38a-718, inclusive, 38a-731 to 38a-735, inclusive, 38a-741 to 38a-745,
20 inclusive, 38a-769, 38a-770, 38a-772 to 38a-777, inclusive, 38a-786, 38a-
21 790, 38a-792 and 38a-794. If a health care center is operated as a line of
22 business, the foregoing provisions shall, where possible, be applied
23 only to that line of business and not to the organization as a whole. The
24 commissioner may adopt regulations, in accordance with [the
25 provisions of] chapter 54, stating the circumstances under which the
26 resources of a person which controls a health care center, or operates a
27 health care center as a line of business will be considered in evaluating
28 the financial condition of a health care center. Such regulations, if
29 adopted, shall require as a condition to the consideration of the
30 resources of such person which controls a health care center, or
31 operates a health care center as a line of business to provide
32 satisfactory assurances to the commissioner that [it] such person will
33 assume the financial obligations of the health care center. During the
34 period prior to the effective date of regulations issued under this
35 section, the commissioner shall, upon request, consider the resources
36 of a person which controls a health care center, or operates a health
37 care center as a line of business, if the commissioner receives
38 satisfactory assurances from such person that it will assume the
39 financial obligations of the health care center and determines that such
40 person meets such other requirements as the commissioner determines
41 are necessary. A health care center organized as a nonprofit, nonstock
42 corporation shall be exempt from the sales and use tax and all property
43 of each such corporation shall be exempt from state, district and
44 municipal taxes. Each corporation governed by sections 38a-175 to 38a-
45 192, inclusive, shall be subject to the provisions of sections 38a-903 to
46 38a-961, inclusive. Nothing in this section shall be construed to
47 override contractual and delivery system arrangements governing a
48 health care center's provider relationships.

49 Sec. 2. (NEW) (*Effective October 1, 2004*) No stop loss policy may be
50 issued or delivered in this state unless a copy of the stop loss policy
51 form has been submitted to, and approved by, the Insurance
52 Commissioner pursuant to regulations that the commissioner may
53 adopt in accordance with chapter 54 of the general statutes. Such
54 regulations, if adopted, shall include, but need not be limited to, a
55 definition of a stop loss policy and the standards for filing and review
56 of stop loss policies.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>
Sec. 2	<i>October 1, 2004</i>

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Insurance Dept.	IF - None	None	None

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill applies health insurance mandates for off-label prescriptions to health care centers and to provide for the regulation of stop loss policies. Although there is an anticipated increased workload, there is no fiscal impact on the Department of Insurance.

OLR Bill Analysis

SB 112

AN ACT CONCERNING STATUTES APPLICABLE TO HEALTH CARE CENTERS AND THE ISSUANCE OF STOP LOSS POLICIES**SUMMARY:**

This bill prohibits stop-loss policies from being issued or delivered in this state after September 30, 2004 unless a copy of the policy is first submitted to the Insurance Department for review and approval. It authorizes the Insurance Department to issue regulations, which must include a definition of a stop-loss policy and the applicable filing and review standards.

The bill also prohibits individual and group health insurance plans delivered, issued for delivery, or renewed in this state after September 30, 2004 by health care centers, including health maintenance organizations, that provide coverage for drugs approved by the federal Food and Drug Administration (FDA) for cancer treatment from excluding coverage for "off-label use" of such drugs. "Off-label use" means that the approved drugs are used to treat a type of cancer not included in the medication's labeling.

EFFECTIVE DATE: October 1, 2004

OFF-LABEL CANCER DRUGS

In order to be covered, the drug must be recognized for treatment of the specific cancer for which it is prescribed in one of the following reference sources: (1) U.S. Pharmacopoeia Drug Information Guide for the Health Care Professional, (2) the American Medical Association's Drug Evaluations, or (3) the American Society of Hospital Pharmacist's American Hospital Formulary Service Drug Information.

The bill does not require coverage for any experimental or investigational drug or any drug that the FDA has determined is contraindicated for treatment of the specific cancer for which it has been prescribed. It specifies that the off-label use provision does not affect authority to reimburse for drugs used in treating any other disease or condition.

BACKGROUND

Stop-Loss

A stop-loss policy is also known as an excess reimbursement or excess coverage policy. The policy insures the issuer of the plan, which is usually the employer who operates a self-insured benefit plan in accordance with the Employee Retirement Income Security Act of 1974, as amended (ERISA). Payment under the stop-loss policy is made to the plan, rather than to individual employees, for incurred claims. The policy sets a specific aggregate amount required to trigger the stop-loss coverage. The aggregate amount cannot be so low as to make payment by the stop-loss insurer an actuarial certainty. The policy is intended to protect the employer from catastrophic claims.

In the past, the Insurance Department has permitted health insurers to issue stop-loss policies. It has required, through the issuance of Bulletins, that the policy forms be filed with the department for a determination that the coverage is actually stop-loss and not a high-deductible plan or reinsurance. The department has considered stop-loss policies to be subject to the same mandated benefits and provisions that are applicable to accident and health forms. Once the trigger point is reached, the stop-loss policy would automatically include the accident and health mandates.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 18 Nay 0